GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:1294
ANSWERED ON:02.03.2001
BUFFER STOCK OF SUGAR
MOHAMMED SHAHABUDDIN

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Government are not in favour of keeping a buffer stock of sugar in view of large scale production of sugar;

(b) if so, the facts in this regard;

(c) whether the Sugar Industry has demanded to create a buffer stock of twenty lakh tonnes in the country;

(d) if so, the details thereof;

(e) whether the buffer stock of sugar is in the interest of country; and

(f) if so, the reaction of the Government thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (S SREENIVASA PRASAD)

(a), (b), (c), (d), (e) & (f): The apex organizations of the sugar industry viz Indian SugarMills Association (ISMA)and National Federation of Cooperative SugarMills Ltd. (NFCSF) have represented to the Government for creation of buffer stock of twenty lakh tonnes of sugar in view of large closing stocks of sugar.

The creation and maintenance of buffer stock of sugar is different from that of the creation and maintenance of buffer stock of foodgrains. In the creation and maintenance of buffer stock of sugar, Government does not actually purchase the sugar and store in its godowns but reimburses the interest, insurance and storage charges as per the provisions of the Sugar Development Fund Rules, 1983, to the sugar mills for the quantity taken on buffer stock.

The creation and maintenance of buffer stock of sugar does not result in reduction of stocks. The reduction of stocks can be achieved through higher releases of sugar and through export of sugar, Government has been making higher release of freesale sugar keeping in view the likely increase in demand, availability of alternative sweeteners like gur, khandsari and the need to maintain a certain level of prices. Government has also allowed export of 10 lakh MTs of sugar in the financial year 2000-2001. In order to boost export of sugar, Government has given the following incentives:

- Sugar factories exporting sugar have been allowed exemption from levy on the quantity of sugar exported by them. This exemption is available till 31.3.2001.

- Sugar factories exporting sugar have been given the benefit of adjustment of the exported quantity in their freesale stocks at the end of 12 months from the date of export.

- DEPB benefit @ 5% of the f.o.b. value of exports has been allowed on export of sugar.